From:	Stan Sokolowski <ssokolowski@cifc.com>
To:	Stan Sokolowski <ssokolowski@cifc.com>
CC:	
Date:	Fri, 4/11/2014 12:15:10 AM
Subject:	Market Observations Today

It is an ugly risk off day. Equity men are in a panic as long / short funds are being skewered as they scramble to reduce risk. Rumors include a hedge fund or two in the midst of an unwind (pretty standard stuff really). Also, new IPOs are not trading well (note Ally which is down about 5% today). Rates are rallying and the ten year is now at 2.64%. So far there are no jumpers in credit however, while credit is being reported as "fine", new issues in both high yield and leveraged loans are trading sloppy. Loans are down about +/- ¼ and high yield is down approximately +/- ½ both with limited trading. So far so good but everyone should remain extra vigilant here. The key risk question now: will this carnage spill over to the credit markets? Not at this stage, but we are monitoring earnings to determine if fundamentals remain intact and S&P price action to see if we will find a floor. Speak to the desk if you have questions or risk thoughts.

Other thoughts / observations:

- Nervousness abounds (shocker)
- Rate risk / duration concerns are dying down…
- "Traders" are not being "allowed" to make money by the street
- "This is probably healthy but we will know more as earnings season progresses"
- Long / Short equity investors have some decisions to make…

Stan Sokolowski
Senior Portfolio Manager, Head of Portfolio Management and Trading
CIFC Asset Management LLC
250 Park Avenue, 4th Floor | New York, NY 10177
☎ (D) +1 212.624.0931 | (C) +1 203.918.3022
✉ ssokolowski@cifc.com | www.cifc.com

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